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CONTENTS

SUMMARY

There were some signs of a moderate pickup in business activity for the fourth quarter. Retail sales for October and November were above the monthly average for the third quarter. Retailers' inventories, having declined about 10 percent from May to October, were apparently nearing a more normal relationship to sales. Manufacturers' new orders and shipments rose more than usual in October, for both durable and nondurable goods, and nonagricultural employment was up nearly 150,000 from October to November. Moreover, estimates of business spending for new plant and equipment are higher for the fourth quarter and intended outlays for the first quarter of 1952 are expected to be at a new high after adjustment for seasonal variation.

The high level of economic activity and record consumer incomes continue to support a strong demand for farm products and other goods and services. Prices received by farmers rose 1 percent from November to mid-December. Crop prices in general were higher than a month earlier primarily due to higher prices for truck crops, other vegetables, fruits, and feed grains and hay. Although these price increases were largely seasonal, the rise in truck crop prices was greater than usual for this time of year. Livestock and livestock product prices declined a few points as more-than-seasonal price gains for dairy products were offset by lower prices for meat animals, eggs, and wool. At 305 percent of the 1910-14 average prices received by farmers in mid-December were nearly 7 percent above a year earlier, but 3 percent below the peak reached in February 1951. Prices paid by farmers, including interest, taxes, and farm wage rates, were unchanged from November to December at a record level 284 percent of the 1910-14 average. As a result of the increase in the index of prices received by farmers, the parity ratio rose from 106 to 107 percent from November to December. The ratio was 108 in December 1950.

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1950 Year	1950 Nov.	1951 Aug.	1951 Sept.	1951 Oct.	1951 Nov.
Industrial production 1/							
Total	1935-39=100	200	215	217	219	218	218
All manufactures	do.	209	224	226	228	226	227
Durable goods	do.	237	260	267	272	274	275
Nondurable goods	do.	187	195	193	192	188	188
Minerals	do.	148	160	165	167	174	171
Construction activity 1/							
Contracts, total	1935-39=100	514	533	507	479	455	
Contracts, residential	do.	748	696	716	684	650	
Wholesale prices 2/							
All commodities	1926=100	162	172	178	178	178	178
All commodities except farm and food	do.	153	164	167	167	167	167
Farm products	do.	170	184	191	189	192	195
Food	do.	166	175	187	188	189	189
Prices received and paid by farmers 3/							
Prices received, all products	1910-14=100	256	286	292	291	296	301
Prices paid, interest, taxes, and wage rates	do.	255	263	282	283	283	284
Parity ratio	do.	100	105	104	103	105	106
Consumers' price 2/ 4/							
Total	1935-39=100	172	176	186	187	187	189
Food	do.	204	211	227	227	229	231
Nonfood	do.	154	158	164	165	166	166
Income							
Nonagricultural payments 5/	Bil. dol.	206.6	215.5	231.3	232.1	234.5	
Income of industrial workers 3/	1935-39=100	369	406	426	430	425	
Production worker pay rolls 2/	do.	396	441	457	466	461	
Weekly earnings of factory workers 2/							
All manufacturing	Dollars	59.23	62.23	64.32	65.45	65.21	65.25
Durable goods	do.	63.19	66.34	69.55	70.67	70.84	70.42
Nondurable goods	do.	54.66	57.19	57.91	58.56	58.00	58.69
Employment							
Total civilian 6/	Millions	60.0	61.3	62.6	61.6	61.8	61.3
Nonagricultural 6/	do.	52.4	53.7	54.9	54.1	54.2	54.3
Agricultural 6/	do.	7.5	7.6	7.7	7.5	7.7	7.0
Government finance (Federal) 7/							
Income, cash operating	Mil. dol.	3,538	3,487	4,600	6,555		
Outgo, cash operating	do.	3,497	3,415	5,565	4,862		
Net cash operating income or outgo	do.	+40	+72	-965	+1,693		

Annual data for the years 1929-49 appear on page 32 of the April 1951 issue of The Demand and Price Situation.

1/ Federal Reserve Board, construction activity converted to 1935-39 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Consumers' price index for moderate-income families in large cities. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1950 are on average monthly basis.

General economic conditions during November displayed the high degree of over-all stability which has prevailed since last summer. But many divergent shifts are taking place in production, construction employment, and prices as the economy continues to turn out more defense goods. Increased output of defense goods has been offset by reduced output for nondefense uses, resulting in little change in total industrial acitvity over the past few months.

Output of consumer durables in recent months has been running about one-third less than a year ago. This decline, partly due to restricted use of materials, reflects also a substantial curtailment in consumer spending for durable goods since the first quarter of 1951.

Commodity Highlights

The recent increase in meat production over a year earlier has been in pork, but in coming months pork will decline and the quantity of beef and veal will rise. Smaller butter supplies have resulted in a sharper price rise this year. The seasonal decline for eggs has started, and by spring they may be about the same as or somewhat lower than a year earlier. Storage holdings of chickens and turkeys are greater than last December. Production of fats and oils from domestic materials is expected to total a record 12.6 billion pounds in 1951-52. A strong demand for feeds and smaller supplies are expected to hold prices somewhat higher during this winter and spring than a year earlier. Wheat prices have been strong since harvest primarily because of large U. S. exports and unfavorable harvesting conditions in other exporting countries. There is a record orange crop this season, and prices are considerably below last year. Although the grapefruit crop is smaller, prices are about the same as last year. Higher prices are in prospect this winter than last for cabbage, carrots, cauliflower and lettuce. The supply of cotton this year is only slightly greater than last. Disappearance of cotton for domestic consumption and export through November apparently was larger than for the corresponding period last year because of a sharp increase in exports. Wool prices went a little lower in December.

OUTPUT AND EMPLOYMENT

Industrial production during November maintained the over-all stability of recent months. The Federal Reserve Board index after seasonal adjustment was 218 (1935-39=100), the same as in October and only one point below September. A slight rise in durable manufactures output in November was more than offset by a downturn in production of minerals and the continued decline in nondurables. Industrial activity is currently a little above the year-ago rate, but more than 2 percent below the post-Korean high of last April.

A further drop in automobile production was offset by increases in output of farm machinery and aircraft resulting in a one-point advance in the index of durable manufactures during November. Steel output in October and November was only slightly below the previous high for last April. Scheduled production for the first part of December was at a record annual rate of 105 to 107 million tons. Output of consumer durable goods other than automobiles rose moderately from October to November as production of major appliances and radio and television sets was stepped up.

Textile production was up slightly as cotton consumption rose nearly 3 percent from October to November. Paper and chemicals were all down a little, the latter mainly as a result of prolonged slowness in rayon textiles. The index of total nondurable goods output in Novembr continued at 188 percent of the 1935-39 average compared with a peak of 201 last winter.

Mineral production, which set a record in October, dropped back 3 points to 171. Bituminous coal mining continued high, but there was a greater-than-seasonal decline in iron ore production. Petroleum output was cut-back because of relatively large stocks.

Moderate improvement in business prospects was reflected in increases in manufacturer's sales and new orders during October. Manufacturers' sales, seasonally adjusted were up more than 8 percent over September--12 percent for durables, and 5 percent for soft goods. Transportation equipment (other than automobiles), lumber, tobacco products, and apparel registered the largest relative gains. New orders received by hard-goods manufacturers, primarily of basic metals, rose 15 percent. Particularly noteworthy was a 9-percent rise in nondurables due mainly to a pick-up in the textile industry. Unfilled orders declined fractionally as sales of both durable and nondurable goods manufacturers more than matched the increase in new orders, but the order backlog is only 1 percent below the August high. Inventories of durable goods manufacturers, after seasonal adjustment, were up slightly, with a very small drop for nondurables, indicating a further slackening in the rate of inventory accumulation for manufacturers. Total business inventories have been relatively stable around 70 billion dollars for the past three months with gains in manufacturers' inventories offsetting declines in inventories of distributors.

Value of new construction put in place during November totaled 2.5 billion dollars, a seasonal decline of 7 percent from October which was reflected in all major types of building. As highway work was restricted by colder weather, public construction was down relatively more than private.

A greater-than-seasonal decrease in the volume of private industrial and commercial building was attributed to materials and credit restrictions as well as rising costs. With the exception of defense projects, almost all types of construction were below November a year ago. Expenditures for non-farm private residential building were almost one-fifth smaller. Compared with the first 11 months of 1950, expenditures for new construction through November 1951, at 27.7 billion dollars, were up 8 percent with virtually all of this increase in public projects and private industrial construction.

A total of 76,000 new permanent nonfarm dwelling units were placed under construction during November, marking a seasonal decline in building activity of 12 percent from October. The reduced tempo of residential construction is apparent in the fact that this is the smallest number of housing starts since March 1949, and compares with 87,300 units begun in November 1950. However, except for 1950, 1951 saw the largest number of houses ever started in one year in the United States. Cumulative starts for the 11 months ending November had reached 1,022,600 units, compared with 1,302,400 in the corresponding period last year. Total starts during 1951 probably reached 1,100,000.

Total civilian employment in November was 61.3 million persons - a decline of about 500,000 from October, and about the same as in November 1950. The decrease from October, according to the Bureau of the Census, was due to the usual fall decline in farm employment and other types of outside work. Unemployment, however, at 1.8 million, increased by only 200,000 because the number of workers in the civilian labor force declined by nearly 300,000 from October to November. The unemployed now constitute only 2.9 percent of the civilian labor force, compared with 3.5 percent a year ago when 2.2 million were unemployed.

INCOME AND RELATED FACTORS

Personal incomes rose 4 billion dollars from September to October to an annual rate of 257.5 billion dollars after seasonal adjustment. Payment of a retroactive wage increase to Federal Government employees and higher farm income were largely responsible for the rise. Other components of personal income rose by about one billion dollars on an annual rate basis.

Reflecting relative stability in industrial production and employment, private industry payrolls were little changed from September to October. However, there was a small decline in wages and salaries in manufacturing as a result of slightly reduced hours of work and employment in nondurable goods industries.

Total retail sales in November were slightly lower than in October after seasonal adjustment. Largest declines were reported for automotive stores, building materials and hardware, and liquor. These declines were partly offset by increases in sales at food and general merchandise stores. Department store sales increased moderately. The Federal Reserve Board index, after adjustment for seasonal factors, moved from 303 to 311 percent of the 1935-39 average. During the first half of December, department store sales fell slightly behind the dollar volume recorded during the late 1950 buying wave. Compared with a year ago the total dollar volume of retail sales for November was up about 6 percent, but in view of retail price increases over the year, the volume of sales was probably a little smaller.

Retailers' inventories in October continued the downward adjustment which began last May. Although the ratio of inventories to sales still appears to be relatively high for some groups of stores, inventories in general are nearing a more normal relationship to sales.

Consumer installment debt at the end of October totaled 13,167 million dolars, only 4 million dollars above September. Automobile sales credit registered the first decline since April -- from 4,175 million in September to 4,129 million--but the decline was more than offset by an increase of 50 million in "other sale credit and loans."

A 156-million-dollar increase in charge accounts to 3,844 million reflects the seasonal rise in retail sales noted in October, while other consumer credit was also up, from 2,499 million to 2,517 million. Total consumer credit outstanding at the end of October was 19,528 million dollars, compared with 19,350 a month earlier, the peak of 20,097 million last December 31, and 19,398 million dollars on October 31, 1950.

COMMODITY PRICES

The general wholesale price level continues to show little month-to-month change; at 177.1 (1926=100) for the week ended December 18, the index had declined fractionally from the November 20 level, and was 4 percent under the March 1951 peak. Small increases in industrial prices offset declines of 1.3 and 0.3 percent in prices of farm products and foods. Lower prices for meat animals and eggs, which reflected largely seasonal trends in supplies, accounted for most of the decline in farm products. The very slight rise in industrial prices was due largely to a 0.9 percent advance for textiles. Chemicals and allied products averaged 1.3 percent lower.

Compared with a year ago, average wholesale prices are up less than 1 percent but there are wide differences among the groups. Farm product prices are 3 percent higher, and foods are up nearly 6 percent. Prices of other than farm and food products are 1 percent below last year. A decline of 7 percent in textile product prices and 1.4 percent in prices of chemicals and allied products was only partially offset by higher prices for metals and metal products, and fuel and lighting materials.

Table 1.- Group indexes of wholesale prices week ended December 18, 1951 with comparisons

Group	(1926=100)				Week ended December 18, 1951 percentage change from		
	Week ended Dec. 18, 1951	Week ended Nov. 20, 1951	Week ended Dec. 19, 1950	Week ended June 27, 1950	Week ended Nov. 20, 1951	Week ended Dec. 19, 1950	Week ended June 27, 1950
All commodities	177.1	177.2	175.8	157.4	- .1	+ .7	+12.5
Farm products	193.2	195.7	187.6	165.4	-1.3	+3.0	+16.8
Foods	189.3	189.8	179.0	162.4	- .3	+5.8	+16.6
All other than farm and food	165.6	165.1	167.2	149.2	+ .3	-1.0	+11.0
Textile products	160.1	158.6	172.2	137.3	+ .9	-7.0	+16.6
Fuel and lighting materials	138.8	138.7	136.1	132.8	+ .1	+2.0	+ 4.5
Metals and products	190.9	190.9	185.1	171.9	0	+3.1	+11.1
Building materials	224.7	224.8	221.9	203.7	1/	+1.3	+10.3
Chemicals and allied products	138.2	140.0	140.1	114.5	-1.3	-1.4	+20.7

Bureau of Labor Statistics.

1/ Less than .05 percent decrease.

Average prices received by farmers again rose in December. At 305 (1910-14=100) the BAE index was up 1 percent from November, but still 3 percent below the record of last February. Higher prices were reported for all crops with greatest gains for truck crops, "other vegetables," fruits and feed grains and hay. Livestock product prices were down about 1 percent from the mid-November level as higher prices for dairy products were offset by a seasonal drop in egg prices and slightly lower prices for meat animals and wool.

Since mid-December of last year, average prices received by farmers have registered a net rise of 7 percent, with crop prices up 9 percent and livestock and products up 5 percent. Emphasizing the strong demand for feed and the tight corn situation, feed grains and hay combined are up 15 percent from the level of 12 months ago and food grains are up 9 percent. Cotton is now bringing about the same price as a year earlier. While oil-bearing crops and fruit are both down sharply -- 16 percent and 12 percent, respectively--truck crops are up 57 percent, and "other vegetables," which includes potatoes and sweetpotatoes, are bringing an exceptional 78 percent more than last year. These developments are largely a result of changes in the supply situation. Reflecting the higher level of consumer demand relative to supplies available, meat animal prices are up 5 percent with most of the gain in beef cattle prices. Dairy products are bringing 15 percent more than a year ago. Partly offsetting these gains, poultry and egg prices combined average 6 percent lower than in December 1950. An easing in world demand and improved supply prospects for wool since then have been accompanied by a decline of morethan one-fifth in prices received for wool.

Table 2.- Group indexes of prices received by farmers, December 15, 1951 with comparisons

Group	Dec. 15, 1951	Nov. 15, 1951	Dec. 15, 1950	December 15, 1951 percentage change from	
	(1910-15=100)			Nov. 15, 1951	Dec. 15, 1950
Food grains	253	249	233	+ 2	+ 9
Feed grains and hay	233	224	202	+ 4	+ 15
Cotton	339	345	339	- 2	0
Tobacco	440	424	436	+ 4	+ 1
Oil-bearing crops	309	307	366	+ 1	- 16
Fruit	177	172	202	+ 3	- 12
Truck crops	231	249	211	+33	+ 57
Other vegetables	265	244	149	+ 9	+ 78
All crops	280	267	258	+ 5	+ 9
Meat animals	379	387	360	- 2	+ 5
Dairy products	314	305	272	+ 3	+ 15
Poultry and eggs	233	249	249	- 6	- 6
Wool	352	369	448	- 5	- 21
Livestock and products	328	332	311	- 1	+ 5
Crops and livestock and products	305	301	286	+ 1	+ 7

After reaching a peak of 313 (1910-14=100) in February prices received by farmers declined 7 percent to mid-September and since then have risen by 5 percent. The average for 1951 is 302 percent of the 1910-14 average, 18 percent above last year's average.

Farmers paid more for feedstuffs and feed grains in December, while prices of feeder livestock were down sharply. The index of commodities used in family living remained at the record level set in November. As a result, the BAE index of prices paid by farmers including interest, taxes, and farm wage rates was unchanged at 284 percent of the 1910-14 period, compared with 265 in December a year ago. The parity ratio (the index of prices received by farmers divided by the index of prices paid, including interest, taxes, and farm wage rates) advanced from 106 to 107. It was 108 in December 1950, and 113 in February last year.

Average prices paid by urban consumers of moderate incomes, at 188.6 percent of the 1935-39 average in November, continued the steady rise which began early in 1950. Food prices were about 1 percent higher than in October and apparel very slightly lower. All other groups were up a little from October to November.

FOREIGN TRANSACTIONS OF THE UNITED STATES

Foreign holdings of gold and dollars at the beginning of the third quarter of 1951 were valued at 20.1 billion dollars. During the quarter, total dollars received by foreigners from United States imports, Government foreign grants and loans, and other U. S. sources were less than needed to pay for our exports. As a result, foreigners financed the balance by reducing their gold and dollar reserves. This is the first quarter since mid-1949 in which our foreign transactions resulted in a reduction in foreign holdings of gold and dollars. During the 2-year period from mid-1949 to mid-1951 foreign holdings of gold and dollars rose from 14.8 billion to 20.1 billion.

Total U. S. exports in the third quarter of 1951 were at an annual rate of more than 20 billion dollars, 6.3 billion or 45 percent more than a year earlier. The gain reflected increased needs for U. S. exports arising out of an acceleration of foreign rearmament. The increase in imports, the principal means of financing our exports, was less than 1 billion.

FARM INCOME

Incomplete data for December suggest that cash receipts in that month were approximately 3.0 billion dollars, or 9 percent above the December 1950 level. This includes 1.6 billion dollars from livestock and products and products and 1.4 billion from crops, 10 and 8 percent, respectively higher than in Deeember a yarr ago.

Revised data for November bring farmers' cash recipts from marketings to 29.7 billion dollars for the first 11 months of 1951, 14 percent above receipts in the corresponding months of 1950. This estimate is made up of 18.1 billion dollars from livestock and livestock products and 11.6 billion from crops, up 23 and 3 percent, respbctively from last year. Thus, total cash receipts for the year were probably about 32.7 billion dollars. However, further revision may be necessary when reports on marketings in December are received.

Table 3.- Financing of United States exports of goods and services in specified periods

(Billions of dollars)

Period	U. S. exports of goods and services	U. S. imports of goods and services	Means of financing: Sale of gold and short-and long-term dollar assets by foreign countries (Net)	Means of financing: U. S. Government foreign grants and loans (Net)	Means of financing: Other sources and balancing item 1/ (Net)
	(1)	(2)	(3)	(4)	(5)
1935-39 annual average	4.0	3.4	1.1	2/(-) 0.1	(-) 0.4
1946	14.7	7.0	1.9	5.0	0.8
1947	19.8	8.3	4.5	5.8	1.2
1948	17.0	10.3	0.8	5.0	0.8
1949					
1st qtr. (ann. rate)	17.4	10.1	(-) 0.1	6.7	0.7
2nd qtr. (ann. rate)	17.6	9.5	1.4	6.7	0
3rd qtr. (ann. rate)	14.8	9.3	0.3	5.9	(-) 0.7
4th qtr. (ann. rate)	14.0	9.5	(-) 1.9	4.6	1.8
Total	16.0	9.6	(-) 0.1	6.0	0.5
1950					
1st qtr. (ann. rate)	13.0	10.1	(-) 1.8	4.4	0.3
2nd qtr. (ann. rate)	14.1	10.8	(-) 2.7	4.6	1.4
3rd qtr. (ann. rate)	14.0	13.5	(-) 6.2	3.6	3.1
4th qtr. (ann. rate)	16.6	14.1	(-) 3.9	4.5	1.9
Total	14.4	12.1	(-) 3.6	3/ 4.3	1.6
1951					
1st qtr. (ann. rate)	17.5	15.7	(-) 3.4	4.4	0.8
2nd qtr. (ann. rate)	21.1	15.8	(-) 0.6	5.4	0.5
3rd qtr. (ann. rate)	20.3	14.3	1.1	4.5	0.4

1/ Includes loans of U. S. dollars by the International Bank and by the International Monetary Fund. In 1949 these loans totaled 137 million dollars. In 1950 they totaled 17 million dollars. Private remittances and investments abroad are also included except in the 1935-39 average.
2/ Includes private loans and remittances to foreigners which in other periods are in column 5.
3/ Includes 2.7 in ERP grants, 0.5 in grants for Government relief in occupied areas and 0.5 for the Mutual Defense Assistance Program.

LIVESTOCK AND MEAT

Meat production is expected to decline seasonally this winter but will likely continue as large as a year earlier. Spring meat production may be considerably above the small output of last spring.

Commercial meat production during October-December was probably slightly larger than a year earlier after running 2 percent less in the previous two quarters. Pork has continued to be the only meat in larger supply than in the previous year. However, the output of beef has improved relatively and in the October-December quarter was close to that of a year earlier. In months ahead pork will contribute less and less of the gain in meat supplies over last year and beef, veal and lamb will make up a larger share. By late 1952, pork production will be considerably smaller than at the same time in 1951, and beef production may be considerably larger.

The shift from pork to beef will reflect both the sharp expansion in cattle numbers in 1950 and 1951 and the indicated reduction in size of pig crops. The 1951 fall pig crop, from which marketings will begin in late winter and early spring, was only 2 percent larger than the 1950 fall crop. And farmers' intentions are for a 9 percent smaller spring pig crop than last. The reduction will affect hog slaughter and pork production beginning in the fall of 1952.

Prices of hogs are expected to rise seasonally until late February or sometime in March. Their total decline during the fall and early winter was about normal for the season, and prices have about equalled last year. Prices of cattle declined moderately late in 1951. With demand for meat expected to continue strong, prospective supplies of cattle do not point to a further material weakness in cattle prices. Price strength is more likely for cows and lower grade steers and heifers than for other classes, while a further seasonal decline may occur in prices of top grades of steers as marketings increase through the winter and spring.

DAIRY PRODUCTS

Prices of several dairy products advanced in the past month, reflecting strong demand, declining storage stocks and smaller milk production than a year earlier. In late December, prices of all manufactured dairy products were higher than a year earlier, ranging from 9 percent for evaporated and condensed milk to 19 percent for nonfat dry milk.

In the closing months of 1951, prices for butter advanced more than other dairy products. The rise for butter from the 1951 low in August to December was 18 percent, compared with the usual seasonal rise of 14 percent. During the same months, butter supplies declined more than those of other dairy products. This stemmed from a little smaller milk production, larger consumption of fluid milk and cream, and a relatively stable combined output of other manufactured dairy products. Moreover, storage stocks of butter were less than half those of a year ago, and were declining rapidly. This strength in butter markets has occurred despite low prices of margarine. Supplies of butter may continue

below a year earlier throughout 1952. Per capita consumption will be no more than 9 pounds in 1952 compared with a little over 9.5 pounds in 1951 and the prewar average of 16.7 pounds. Margarine consumption in 1952, on the other hand, will exceed the 6.6 pounds of 1951 compared to the prewar average of 2.9 pounds.

Prices for fluid milk increased more than seasonally this past fall. The average price paid by dealers for milk used in fluid distribution was $5.41 per hundred pounds in December, an increase of 11 percent over a year earlier. Nevertheless, consumption of fluid milk apparently is continuing to show an increase over a year earlier.

Milk production on farms in November was 1.5 percent less than a year earlier. The annual rate in recent months has been around 119 billion pounds compared to total output in 1950 of 120.6 billion pounds. The total flow of milk in 1952 probably will not be much different from 1951. The relationship of milk prices to feed prices will continue near present levels, but a tight dairy labor situation will continue to be an important limiting factor.

POULTRY AND EGGS

Egg prices are expected to continue their seasonal decline, possibly to levels about the same as or a little below the corresponding prices of the spring of 1951. Springtime egg production in 1952 is likely to be about 4 percent above 1951. Total demand has been increased by population growth since last year, and by higher consumer income, but it does not seem that these factors will completely offset the price effect of the increase in supply.

The 1951 seasonal decline in egg prices began in late November, somewhat earlier than the 1950 seasonal adjustment. Farmers in mid-December received an average of 51.1 cents per dozen, 6.6 cents below December 1950 and 5.4 cents lower than the month before. The December 1950 price was the season peak for that year because of unusual weather conditions which reduced marketings at that time.

Storage holdings of frozen chicken are probably higher than last year, and near the season peak. Large accumulations were encouraged by the relatively low chicken prices during the into-storage season, and by expectations that prices will rise early in the new year, when fresh supplies of farm chickens will decline sharply.

Storage holdings of turkey are also large. Holdings are still rising toward the season peak, which usually occurs about February 1. Turkey prices rose between Thanksgiving and Christmas, and the mid-December farm price of 39.6 cents per pound (live) was 1.7 cents above the previous month, and 5.3 cents above the previous December.

FATS, OILS, AND OILSEEDS

Prices of food fats except butter in December averaged slightly less than the month before. Prices of the major edible vegetable oils and lard were tending upward late in November and in the early part of December but have since declined. Prices of soap fats have remained near or slightly above a low point reached late in November. Prices of drying oils have fluctuated considerably with prices of linseed oil averaging about the same and tung oil lower in December than the month before. Apparently new-crop domestic tung oil began to move into trade channels late in November. The index number of wholesale prices of 26 major fats and oils (excluding butter) in December was about 170 percent of the 1935-39 average compared with 177 in November and 217 in December 1950.

The December crop report indicates that the 1951 soybean crop will total 281 million bushels, 6 percent less than last year's record crop but substantially above any other year. Output of cottonseed (based on the 1946-50 ratio between production of cottonseed and cotton lint) is estimated at 6.2 million tons, 51 percent more than the small output of a year earlier. Production of peanuts is estimated at 1,595 million pounds, 21 percent less than the year before. Output of flaxseed is estimated at 34 million bushels, 16 percent below last year's level.

Production of fats and oils from domestic materials, including the oil equivalent of domestic oilseeds exported for crushing abroad, probably will total over 12.5 billion pounds in the year which began October 1, 1951, slightly above the record of 12.3 billion pounds estimated for 1950-51. A large increase in cottonseed oil and an increase in lard will more than offset declines in soybean, peanut and linseed oils and butter.

CORN AND OTHER FEEDS

The market price of No. 3 Yellow corn at Chicago advanced during November reaching an average of $1.94 per bushel for the week ended December 15 the highest level since 1948. Corn prices have since weakened a little. Corn prices this fall have been influenced by the strong demand for feed and smaller marketings of good quality corn than in other recent years. Prices of all feed grains were above the 1951 support level in December, but were below parity, the legal minimum at which ceilings on these commodities can be imposed. Prices of feed grains and high protein feeds in December were about a sixth higher than a year earlier. The strong demand for feed and smaller total supplies are expected to hold feed prices somewhat higher than a year earlier, at least through this winter and spring.

The 1951 production of feed grains was estimated in December at 114 million tons, 7 percent smaller than a year earlier. The carry-over of feed grains into 1951-52 was 2 million tons smaller than the record of a year earlier, but production of byproduct feeds will again be large, and wheat and rye feeding may increase somewhat from the low level of 1950-51. The total supply of all feed concentrates, including the grains and byproduct feeds, is estimated at about 170 million tons, 5 percent smaller than in 1950-51. The 1951-52 corn supply is now estimated at 3,686 million bushels, 233 million bushels smaller than last year. Disappearance of corn in 1951-52 probably will exceed the total of 3,175 million bushels for 1950-51 in view of the prospective increase in livestock numbers and the below-average quality of corn in the Western Corn Belt. The 1951-52 oat supply is about the same size as in 1950-51, while the barley supply is 9 percent smaller and the sorghum grain supply 33 percent smaller.

Supplies of oilseed cake and meal available for feeding in 1951-52 are expected to total about 8.8 million tons, 2 percent larger than in 1950-51, and the largest on record. The current strong demand for these feeds at ceiling prices, however, is causing shortages of these feeds in many areas of the coutnry and this comparatively tight situation probably will continue during the next few months.

WHEAT

The strength in wheat prices since harvest has resulted from large United States exports and widespread unfavorable harvesting conditons in other exporting countries. On December 27 the price of No. 2 Hard Winter, ordinary, at Kansas City averaged $2.52, which was 8 cents above the gross loan (14 cents above effective loan) and 25 cents above the low reached on July 25. The price of No. 1 Dark Northern Spring at Minneapolis was $2.50, about 4 cents above the gross loan (10 cents above effective level.) Loan repayments were relatively large in late November and early December, but fell off when the market declined.

Through November, farmers had placed 186 million bushels of wheat under loan and purchase agreement programs, compared with 165 million a year earlier. The total quantity from the 1950 crop placed under the programs was 196 million bushels.

Exports, including wheat, flour and other products in July-November totaled about 184 million bushels compared with about 88 million for the same period a year earlier. During 1950-51, exports were much smaller in July-December than in January-June, and it is expected that the reverse will be the case this year. Last year it was not recognized that the supply of contract-grade wheat in Canada was relatively short until about January, then importing countries stepped up purchases because of the likelihood of higher prices.

Through December 18 sales for export under the International Wheat Agreement totaled 197 million bushels out of the United States quota for the marketing year of 255 million bushels. This left only 58 million bushels for sale at the maximum agreement price, which is some 70 cents below our domestic price level. After the U. S. export quota is filled, importing countries will need to continue to come to the United States for wheat because of the inability of other countries to supply their requirements, but it is likely that takings will decline when it is necessary to pay full market price.

Winter wheat production in 1952 is estimated at 918 million bushels, 42 percent above the 1951 crop when a relatively large acreage of winter wheat was abandoned because of unfavorable weather and insect damage. Seedings of winter wheat for the 1952 crop are estimated at 56,257,000 acr s, nearly 1 percent more than a year earlier. The production estimate is based on seeded acreage, an appraisal of reported crop conditions on December 1, 1951 and the assumption of normal weather conditions for the remainder of the crop season.

FRUIT

Grower prices for apples and pears are expected to increase in early 1952 mainly because of relatively small stocks. In contrast, prices for oranges and grapefruit are expected to decline somewhat as the Christmas season demand subsides and harvesting continues seasonally large.

Because of smaller production and heavy early-season marketings, cold-storage holdings of apples on November 30, 1951, were 31 percent smaller than the record stocks a year earlier. Movement of the crop has been facilitated by Government programs under which more than 2.4 million bushels had been exported or declared for export by December 22, 1951, and more than 1.2 million bushels had been purchased for distribution to school lunch programs and other eligible outlets. Grower and terminal market wholesale prices have advanced since October to levels generally higher than in December 1950. Further increases in price are expected this winter.

Cold-storage holdings of pears, mostly winter varieties, were about 7 percent smaller on November 30, 1951 than on that date in 1950. Assuming that stocks remaining to be marketed on January 1 were also smaller than a year earlier, some increase in prices over the December level can be expected. Prices in December were considerably under the high points reached in October. About 615,000 boxes of winter pears have been exported under the Government export-payment program, which was terminated November 30, 1951.

Prices for citrus fruits on the principal terminal auction markets declined further in early December as shipments of new-crop fruit increased. At mid-December prices for oranges and grapefruit were slightly under comprable 1950 prices. With the usual post-holiday slump in demand, some decline in prices can be expected in January.

Total movement of Florida oranges and grapefruit so far this season is running considerably smaller than comparable movement a year ago, partly because the crops matured later than usual. Movement to processors is down sharply from a year ago. Fresh market shipment of oranges also is down considerably while that of grapefruit is up substantially.

To help market this year's record crop of oranges, the United States Department of Agriculture on December 15, 1951 inaugurated an export-payment program for fresh and processed oranges. The program provides for payments up to 40 percent of the export sales price, basis free alongside ship United States ports, to be limited by the maximum rates established for individual products. A similar program was in effect for 1950-51 crop oranges, which provided for payments up to 50 percent of the export sales price.

On December 1, 1951, packers' stocks of canned citrus juices in Florida were about one-fourth larger than a year earlier. Cold-storage holdings of frozen orange juice were about half again as large, and total holdings of frozen fruits and fruit juices were about 10 percent larger. Packers stocks of canned apricots, sweet cherries, sour cherries, fruit cocktail and salad, peaches, pineapple, plums and prunes, and citrus sections combined were nearly half again as large on November 1, 1951, as on that date in 1950.

COMMERCIAL TRUCK CROPS

For Fresh Market

With strong demand expected in the next few months, farmers probably will receive higher prices this winter than last for cabbage, carrots, cauliflower, escarole, and lettuce. Prospective production of each of these crops for winter harvest is down from that grown last winter.

On the other hand, larger winter production this year than last is indicated for artichokes, shallots, and spinach. Lower prices for these items than last year are probable. Although supplies of fresh green peas have all but disappeared from winter markets, prices for this crop are not expected to rise accordingly. Fresh green peas have been largely supplanted by frozen green peas of which there are now record supplies. The prospective winter crops of celery and lima beans are about the same as last year's crops, but prices may average a little higher this winter because of the lower total supply of fresh vegetables. Prospective supplies of the 13 winter vegetables estimated to date total 8 percent less than in 1951 but slightly above the 1941-50 average.

For Commercial Processing

The commercial pack of canned peas in 1951 was about 16 percent larger than the 1950 pack and will provide ample supplies for both civilian and military needs. The pack of canned corn was 40 percent larger than the 1950 pack, but because the carry-over from previous years was very low, total current stocks are less than 1 percent larger than a year earlier. The 1951 pack of canned spinach will be much larger than last year. In spite of more abundant supplies, these canned vegetables are priced at least as high as last year. Probably total carry-over stocks of canned vegetables will be bigger at the end of the 1951-pack marketing season than it was at the beginning.

Larger prospective carry-overs this year for some important items, and the probability of reduced military requirements unless the size of the armed forces is increased, lead to the conclusion that processor demand for grower tonnage this year will not be as strong as last year.

POTATOES AND SWEETPOTATOES

Prices for potatoes at retail and at country shipping points for the next few months are expected to advance about seasonally. When the January 1 stock report becomes available, it will be possible to judge better whether or not growers have held back on sales unduly in anticipation of further price rises.

This year's potato crop, which is almost one-fourth smaller than last year's, is valued at an estimated 497 million dollars, or 27 percent more than last year. As of December 15 this year, farmers received an average price of $1.93 per bushel, in sharp contrast to 88.9 cents a year ago. Potato prices in mid-December were at 105 percent of the parity price for that month which compares with 49 percent a year ago.

Sweetpotato prices are expected to continue very high for the balance of the 1951-crop marketing season. The small crop this year is much too small to meet the high level of demand at moderate prices. Considerable expansion in sweetpotato acreage probably would be desirable next year while any considerable expansion of potato acreage would likely lead to low prices.

DRY BEANS AND PEAS

Dry edible bean markets are displaying only moderate acitivty, as is usual at this season of the year. Some moderate rise in bean prices may be expected over the next several months, but not more than seasonal. Domestic demand for dry beans is expected to continue strong because of high employment, and export demand may prove to be as high as in the past crop year.

Expectation of the continued strong demand for dry beans in 1952-53 is reflected in the acreage goal for 1952, which suggests about a six percent increase in acreage over that planted in 1951. Stress is laid also on the need to reduce acreage of baby limas in California because of relatively larger stocks, and generally to favor white bean classes such as Great Northern and Pea beans over colored classes such as Pintos. The white beans appear to be more universally acceptable here and abroad.

The dry field pea market appears to be steady and is expected to remain firm and perhaps strengthen a little toward the end of the season. Export markets are exhibiting a fair amount of interest in dry peas again this year. Total movement of dry peas this season is expected to leave us with a moderately smaller but still adequate carry-over at the end of the 1951-crop marketing year than we had at the beginning.

COTTON

The supply of cotton in the United States during the 1951-52 marketing year is now estimated at 17.7 million running bales, 1.5 million bales less than the estimate for October.

Cotton production in the United States was estimated at 15.3 million bales of 500 pounds gross weight, or 15.2 million running bales, as of December 1. This estimate is 1.6 million bales smaller than indicated for October. The crop is being harvested from 26.7 million acres. The difference between acreage in cultivation on July 1 and harvested acreage is 4.6 percent as compared with an average of 2 percent for the preceding 10 years. The estimated yield per acre is 2 percent above last year and 3 percent above the 1940-49 average.

The price of cotton increased sharply during the fall of 1951. On December 26, the average ten spot market price for Middling 15/16 inch cotton was 42.02 cents per pound. This was 23 percent above the low of 34.10 cents for the current marketing year, and about 1.25 cents below the price on the same date of 1950.

The average price received by farmers rose from 33.73 cents in mid-September to 41.00 cents in mid-November, then eased off to 40.34 cents, 118 percent of parity, in mid-December. A year ago, the average price was 40.36 cents, 128 percent of parity. The parity price for cotton in December was 1.74 cents higher than it was in December 1950 because an increase of 7 percent in the parity index.

On November 30, the production goal for the 1952 crop was announced. The goal calls for 16 million running bales on a planted acreage of 28 million acres. This would represent a yield per planted acre of 280 pounds as compared with 262 pounds in 1950 and 1951.

Disappearance of cotton in the United States including domestic consumption and exports through November apparently was larger than for approximately the same period last year because of a sharp increase in exports. Mill consumption from August 1 through November was below last year. The daily rate of consumption during November was 2.5 percent above the preceding month, but 9.2 percent below November 1950.

WOOL

Prices of wool in foreign markets declined somewhat during the last half of November; however, part of the decline was offset by price rises during the first half of December. In mid-December, prices at the Australian auctions were 5 to 10 percent below mid-November levels.

Prices of both domestic and imported wools at Boston were also somewhat lower at mid-December than a month earlier. Australian 64's, 70's good top-making wool, which was quoted at $1.85, clean basis (American yield), in bond at Boston for the week ending November 16, was quoted at $1.65 for the week ending December 14. Quotations for domestic territory fine staple wool for the same weeks were $2.00 and $1.85.

The average price received by domestic growers for shorn wool at mid-December was 62.7 cents per pound, grease basis, compared with 65.7 cents the month before and 82.8 at mid-December last year.

During October the weekly rate of consumption of apparel wool was again below that of last year. The average weekly rate during October was 6.3 million pounds, scoured basis, 34 percent below that of October 1950. Consumption during the first 10 months of this year, despite large military takings of wool goods, totaled only 326 million pounds, 12 percent on a weekly rate basis less than for the same months of last year. The decline in the consumption of carpet wool was considerably greater. Consumption of such wool during January-October totaled only 88 million pounds, a decline of 47 percent in the average weekly rate. The rate of consumption during October was 1.6 million pounds per week, 62 percent below that of October last year.

Imports of apparel (dutiable) wool for consumption during the first 10 months of this year amounted to 235 million pounds, clean basis, 24 million pounds or 14 percent more than was imported last year. Imports of carpet (duty-free) wool, however, were 60 percent lower and totaled only 80 million pounds. Imports of such wools during October amounted to only 2 million pounds, compared with 13 million pounds last year.

TOBACCO

Burley tobacco was in fairly strong demand during the pre-holiday sales period. Approximately two-thirds of the 1951 crop had been sold by December 21 at an average price of 52.8 cents per pound. This was 9 percent above the 48.2-cent average for the pre-holiday period of the 1950 season. The Burley price support level (90 percent of October 1 parity) is 49.8 cents per pound. Growers have placed about 12 percent of deliveries thus far under Government loan.

The major outlet for Burley is in cigarettes. The 1951 cigarette consumption in this country is estimated at about 375 billion, a new record and over 4 percent more than in 1950. Some further gain seems likely in 1952 but the rate of increase probably will be smaller. Overseas shipments to United States forces and exports of cigarettes in 1951 were also higher than in 1950.

The auctions for the dark air-cured types 35-36 opened during the first of December. Prices for One Sucker (type 35) through December 22 averaged 33.6 cents per pound and for Green River (type 36), 34.1 cents. These prices were about 10 cents per pound higher than in the comparable periods last season when the price averages were held down by the larger proportion of lower quality tobacco. The Virginia sun-cured (type 37) has been selling since late November at prices averaging 34.4 cents per pound--7 percent higher than in the corresponding period a year earlier. The major domestic outlet for dark air-cured tobacco is in chewing tobacco, consumption of which has been a little lower in the past year than a year earlier. The exports of dark air-cured during January-October 1951 were more than one-fifth higher than those in the same months a year earlier.

Virginia fire-cured tobacco (type 21) brought an average of 38.7 cents per pound for sales through mid-December. This was 10 percent higher than the average in the corresponding period of a year earlier. The Kentucky-Tennessee fire-cured tobacco marketings begin in early January, and prices are expected to average well above those of last season, when they were lowered by the poor quality of the crop. The 1951 consumption of snuff, the main domestic outlet for fire-cured tobacco, is estimated at near the 1950 level. Exports account for around one-half or more of the annual disappearance of fire-cured tobacco. Exports of fire-cured in January-October 1951 were one-fourth larger than in the same months, a year earlier.

Flue-cured tobacco auctions have closed. The 1951 crop was the largest in history and prices averaged about 52.0 cents per pound--5 percent less than the average for the 1950 crop but exceeding that for any other previous crop. During July-October 1951 (the first third of the 1951-52 marketing year for flue-cured) exports were 17 percent higher than in the comparable period a year earlier.

Marketings of Connecticut Valley cigar binder tobacco began in the last half of November. In general, prices of Broadleaf (type 51) ranged between 50 and 60 cents per pound in the bundle. The average for the 1950 crop of type 51 was near 50 cents. Prices for Havana seed (type 52) through early December averaged a little higher than a year ago. Cigar consumption for 1951 is estimated at near 5.8 billion compared with 5.5 billion in 1950.

On December 7, growers of the continental types of cigar filler and binder tobacco voting in referenda disapproved marketing quotas applicable to their 1952 crops. This means no acreage allotments on cigar tobacco in 1952. Also no Government price support can be made available for the 1952 crops of the various continental cigar types. The same thing applies to Maryland tobacco since growers of this type also rejected quotas on their 1952 crop. The growers voting in the fire-cured (types 21-23) and dark air-cured (types 35-36) referenda approved a continuation of quotas on these types. The 1952 farm acreage allotments are about the same as in 1951. When quotas are in effect, price support is mandatory at 75 and 66 2/3 percent of the Burley loan level for the fire-cured and dark air-cured types, respectively.

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